

Eötvös Loránd University
Faculty of Humanities
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VARIATIONS ON INTEGRATION – INTEGRATION
ORGANISATIONS OF IBERAMERICAN COUNTRIES FROM 1945
TO THE PRESENT

Theses of Doctoral Dissertation

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DOCTORAL DISSERTATION

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IBEROAMERICAN COUNTRIES FROM 1945 TO THE PRESENT**

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Scope and relevance of the dissertation

The doctoral dissertation examines **the development of economic integrations** (integration organisations) **established after 1945 with the participation of Latin American countries**. I also try to reveal the Latin American relations with Europe and with other regions, such as the role of semi-periphery in the current trends of integration. My primary intention is to promote the use of an accurate Hungarian terminology and beyond the synthesization of the previously published literature, to involve a new range of sources and to prepare a comprehensive study.

The Latin American economic performance is a result of the combination of many different factors: it has been shaped by cultural, social and political circumstances and geographical features. The objective of my research is to **synthesize these different regional conditions** through the analysis of Latin American regionalism. The specific institutional development and social structure, the disproportionate distribution of power and wealth, the role of powerful elites and the complex and often painful process of state- and nation-building are all factors which determine and identify Latin American history and impact on the current trends.

Following the line of Latin American historical development and economic history, the analysis is built up on **the three generations of (old, new and globalised) regionalism**. Despite the diversity of Latin American countries, integration and regionalism are permanent issues on the region's political agenda. Regional cooperation and the creation of integration organisations can significantly strengthen Latin America's position in the international relations, such as in the world economy system.

I formulated the following **hypotheses**:

1. The **broader definition of Iberoamerica** (which includes whole Latin America, Spain and Portugal) refers to an existing **consultative forum**, but **no real economic integration**. The economic activity and integration of Spain and Portugal is dominant in the context of the European Union. Meanwhile, in the last decades Latin America built up several integration initiatives based on each other.
2. **Several phases** can be distinguished **in the history of Latin American integration intentions**. Each phase is intrinsically linked to the region's economic history and can be interpreted as **Latin America's answers to the global economic challenges**. Considering the specific economic, political and social endowments of the region, I do not consider relevant the integration-development analogy between Latin America and the European Union, such as the unconditional application of theories and models developed on the basis of European integration. In the case of Latin American integration, the European integration model cannot be interpreted as an obvious example or a pattern to follow.
3. The **objectives** of the region have changed during the period under review. Initially, Latin American integration initiatives aimed at economic cooperation and distinction from the Northern hemisphere. Today, a clear shift can be noticed from economic deepening to membership expansion. Latin America tries to increase its overall political weight and influence and tries to find regional solutions for its own social problems. Meanwhile, a significant opening can be observed in the field of economic and trade relations towards other world regions.

4. **Latin American regionalism is divided into subregions** and characterised by **superposed forms of integration**. Although the co-existing and co-emerging integration initiatives are not essentially rivals, the smaller organisations are often unable to work properly with global economic challenges. At the same time larger multi-country integration organisations have to face other types of difficulties, originated from the deficiencies and/or imperfection of the institutional structure. A major problem is asymmetry that can be derived from the disparities in size and economic potential among member countries and from the **disproportionate share of integration benefits**.
5. Regionalism is seen as a possibility for countries with strong macroeconomic indicators (such as Brazil) to strengthen their foreign policy and to confirm their own position in the international relations. States representing less economic weight often try to prevent these efforts of the “big ones”. However on a regional level this means that **forces cancel each other out** and it **results in a zero-sum game** and may hamper the development and deepening of regional integration processes.
6. Latin American integration organisations **cannot be characterised by supranational nature at any phase of regionalism**. National interest continues to prevail over regional interest. There is no real regional governance in Latin America. It would mean the governance of political and economic processes at meso-level – between the levels of state and international system, exceeded the national communities.¹ In the case of Latin American economic integration **intergovernmentalism is clearly dominant** which is closely **related to the characteristics and lateness of Latin American state- and**

¹ Fioramonti, Lorenzo (2012) Conclusion – Building Regions from Below: Has the Time Come for Regionalism 2.0? In: The International Spectator: Italian Journal of International Affairs, 47:1, p. 151.

nation-building development. Most of the region's countries have reached to form their own and independent national identity which included the society as a whole, only by the mid 20th century.² It is hardly to be expected that countries, where history of stronger and unified national consciousness and nation-state goes back only a few decades, would rapidly create integration forms with limited state sovereignty and would transfer certain policies to meso-level.

7. Nowadays, Latin American regionalism is characterised by **cooperation rather than integration.**
8. **The region's self-image and identity are changing that affects the development of economic integrations.** In the case of regional collaboration, since the 2000s the Brazil-led South American image has clearly strengthened instead of the 20th century Latin American concept. In the meantime, the even stronger Mexican economy is working on the creation of a new sphere of influence in the Pacific based on free trade.

The applied methodology

The applied methodology of the dissertation can be characterised by the **principle of unity.** This method does not mean the aggregation of separately collected data of several independent researches, but facts / points of view and elements that as a whole are parts of the single history.³ This approach marked the work of the Annales School, Vitorino Magalhães Godinho and Immanuel Wallerstein.

² Anderle, Ádám (2002) Nemzet és identitás Latin-Amerikában. p.407-542. In: Balogh András – Rostoványi Zsolt – Búr Gábor – Anderle Ádám: *Nemzet és Nacionalizmus*. Budapest: Korona Kiadó. and Szilágyi Ágnes Judit (2004) *Távolodás Európától: nemzetépítés és kultúrpolitika Brazíliában az Estado Novo idején: 1937-1945*. Budapest: Áger Bt.

³ Wallerstein, Immanuel (2010) A világgazdaság felfedezése In: *Eszmélet* 88. p. 221.

The abandonment of assumptions is especially necessary and important in terms of the conceptualization. Understanding the historical facts means the main difficulty. That is why I consider essential at the beginning of the dissertation to include a chapter dealing with terminology, in addition to the historiographical review. It is important to define the units of analysis and the other elements. I intend to interpret these units of analysis in the labyrinth of historical, theoretical and systematic knowledge.

Summary

The Latin American countries cannot be characterised by an organically evolved and homogeneous society. Illegal economy has been flourishing for a long time as a result of civil unrest, survival constraint, escape from taxes and the lack of social protection provided by the government. The increased concentration of political power, wealth and income is intensely incorporated in the Latin American structures. The high degree of inequality in Latin America is an existing fact until today. Its elimination means a challenge even for the economically well-performing countries.

For the last 60 years Latin America has regarded regional collaboration as a strategic opportunity, namely as the possibility of a more successful recovery in the challenges of international relations. The specific goals and methods of implementation, however, have significantly transformed over the last half century. The three phases or waves of (old, new and globalised) integration can be well distinguished based on the change in the relationship between political authority and the logic of the market. During the old regionalism, in addition to the logic of market expansion, the need for political control played an important role. But this type of state influence and protectionism undermined the effective market expansion and the improvement of competitiveness. By the 1990s, along

with the changing conditions of international policy and economy, the frame of reference for strategic options has also transformed. The recognition of the growing role of non-state actors, that influence the global political and economic life, has brought a change. New regionalism meant the age of commercial agreements based on the Washington Consensus. The keywords were mutual opening, export diversification and the reduction of the role of the state. By the crisis of neoliberalism in the 2000s, new regionalism has been revalued and changed, too. Today, Latin America is characterised by open integration which means that the main economic partners are located outside the region. In this aspect Latin America differs from the European trends. In Europe 67% of the export takes place within the continent, but even compared to Asia (52%), Latin America is far more open and only 27% of the total export can be considered as intraregional trade.⁴

Latin America shows more differences compared to other regions of the world. Its integration processes are based on subregional levels and on the principle of intergovernmentalism. This phenomenon is closely related to the lateness of Latin American state- and nation-building development. It is more precise to talk about regional cooperation instead of regional integration in the case of Latin America, since the results can be basically interpreted as structured collaboration between governments in a certain geographical area. The Andean Pact and its later form, the Andean Community tried to involve supranational elements, but in practice none of the Latin American integration organisations applied such a decision-making method. The institutional and organisational structure of the initiatives shows the characteristics of a classical international organisation (Council, Commission, Conference and Secretariat). Internalization, which means the incorporation of decisions into the member state legislation, is the condition for the implementation of collective decisions

⁴ --- (2013) A continental divine. In: The Economist online
<http://www.economist.com/news/americas/21578056-region-falling-behind-two-alternative-blocks-market-led-pacific-alliance-and> (2014-10-02)

at national level. The Latin American standpoint, that the member states' national policies cannot be affected by the joint decisions, is full of contradictions. Latin America is historically marked by the concentration of executive power in the position of the president. There are numerous examples for this personality-based political culture. The strong and charismatic leaders accompany the history of the continent. In the case of Latin American integration and political life, the decisive role of presidents has been preserved and strengthened during the democratisation processes and can be observed even today. The Latin American heads of state have a final say in the definition of integration principles and guidelines. The analysed integration initiatives, forums and meetings without exemption are all based on the annual conferences of heads of state and government. We can say that the Latin American integration is characterised not only by the weakness of supranational institutions but also by presidential hyperactivity. The principle of **interpresidentialism** would be more appropriate to describe this phenomenon than the principle of intergovernmentalism, or at least a mixture of these two. The use of the term (interpresidentialism) is not widely spread yet however, the new term illustrates better the Latin American integration relations and raises the need of expansion and rethinking of the existing terminology. It has become clear that Latin American integration differs from the European samples in terms of historical development, structure and operational mechanism. Today, it seems that an integration form based on the principle of intergovernmentalism, interpresidentialism and free trade has its own *raison d'être*.

The role of trans-Latin corporations in regional integration

Many countries in the region still remained commodity exporters. At the same time important changes have started on the semi-periphery: New industries have emerged applying cutting-edge technology and Latin America is experiencing

increasing regional transnationalisation. In fact, successful integration attempts follow the beaten paths of the private sector. In Latin America, the success of economic integration depends on the strengthening of transnational trade relations and the foreign direct investments in intense and high-tech manufacturing.

Since 2010 the FDI inflows of the region represent a stable level. However the impact of these capital inflows on the welfare of the population is questionable. In theory, capital investments should bring technological progress that starts a spill-over in the host economy. At the same time the scope of FDIs includes a number of green field investments, as well as acquisitions or mergers, where no real change takes place, only the name and nationality of the owner changes.

The sectoral distribution of FDI shows significant differences between countries and subregions. In South America - with the exception of Brazil - FDI in raw material extraction represents an average of 50%. It's 70% in Bolivia.⁵ Only Mexico and Brazil obtain a more favourable distribution ratio of manufacturing investments.

It is desirable to increase investment in technology-intensive sectors and to improve the knowledge transfer capacities. In addition to investors outside the region, the FDI-flows of trans-Latin corporations also contribute to the positive trends.

The expansion of trans-Latin companies is fundamental to strengthen Latin American regional integration.

The economic interdependence, increased social integration, as well as the largely uncontrolled socio-economic cooperation processes become more and more intense, which means that regionalization has a significant role in the ongoing integration of Latin America.

⁵ ECLAC (2014) Foreign Direct Investment in Latin America and the Caribbean, 2013 (LC/G2613-P) Chile: antiago p. 10.

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